



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

January 8, 2004

Energy prices and supplies shown throughout this bulletin are from Jan. 5, 2004 unless otherwise noted. Also shown are energy data from a month ago, Dec. 1, 2003, and from a year ago, Jan. 6, 2003.

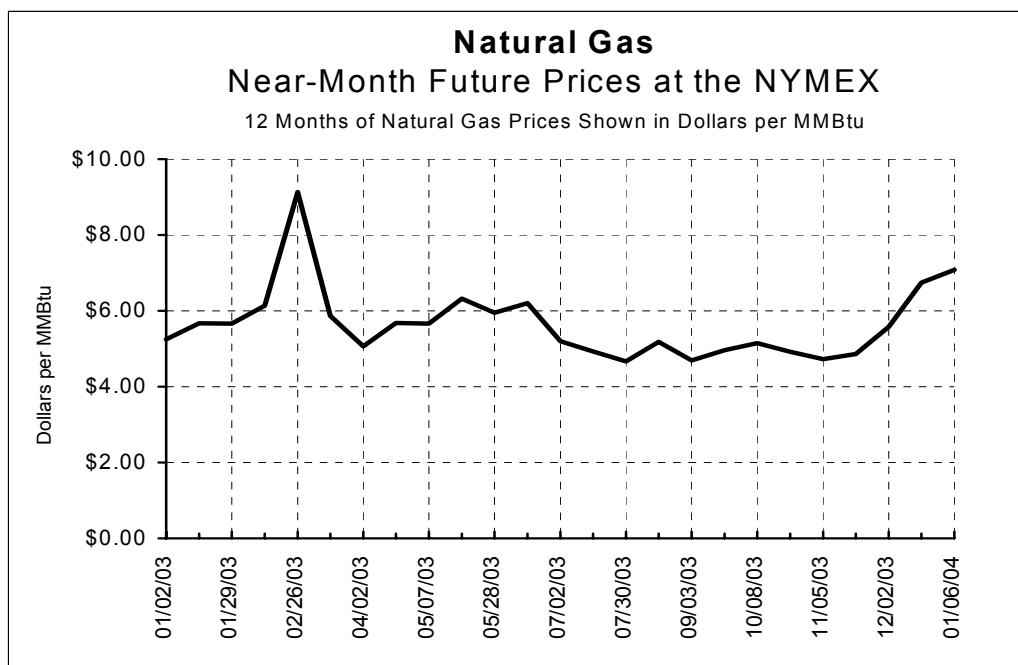
Heating Fuels

Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies shown from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

Natural Gas

Approximately 60 percent of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity. From 1997 to 2000, Missouri electric utilities' use of natural gas increased by an annual average of 23 percent.

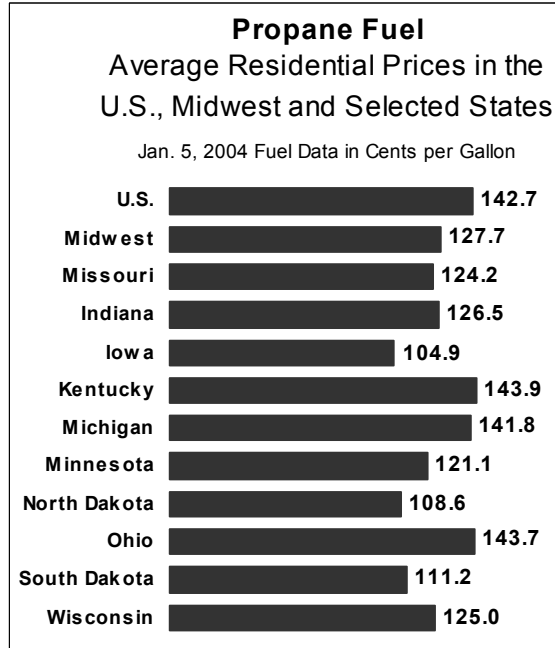
- The spot price for natural gas at the Henry Hub, throughout this last month (Dec. 2 to Jan. 6), increased by 1.62 dollars per MMBtu (30 percent) moving from 5.40 to 7.02 dollars per MMBtu. Throughout this last year (Jan. 6, 2003 to Jan. 6, 2004), the price paid increased by 2.08 dollars per MMBtu moving from 4.94 to 7.02 dollars per MMBtu, an increase of 42 percent. (Source: *Wall Street Journal*)
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last month (Dec. 2 to Jan. 6), increased by 1.50 dollars per MMBtu (27 percent) moving from 5.58 to 7.08 dollars per MMBtu. Throughout this last year (Jan. 2, 2003 to Jan. 6, 2004), the price paid increased by 1.83 dollars per MMBtu moving from 5.25 to 7.08 dollars per MMBtu, an increase of 35 percent. (Source: *Wall Street Journal*)
- Spot prices reacted to the arrival of the first winter-like temperatures west of the Rocky Mountains this heating season, as daily low temperatures fell below zero in some Midwest cities by Tuesday (January 6), and reached the teens and single digits in many cities in the New England, Middle Atlantic, and South Atlantic Census Divisions. As a result, prices increased at every market location on Monday and Tuesday, with most increases ranging from around \$0.40 to well over \$1 both days. Prices topped \$7 per MMBtu at most locations in the Midwest and the Gulf, and approached \$9 in the Northeast.
- Working gas in underground storage was 2,567 Bcf as of Friday, January 2, according to EIA's Weekly Natural Gas Storage Report. The implied net withdrawal of 52 Bcf was 61 percent less than the previous 5-year (1999-2003) average net withdrawal of 144 Bcf. Stock levels stood at 8.3 percent greater than the 5-year average as of January 2. Unusually warm weather in much of the eastern United States during the week covered by this storage report undoubtedly contributed to lower than average storage withdrawals.



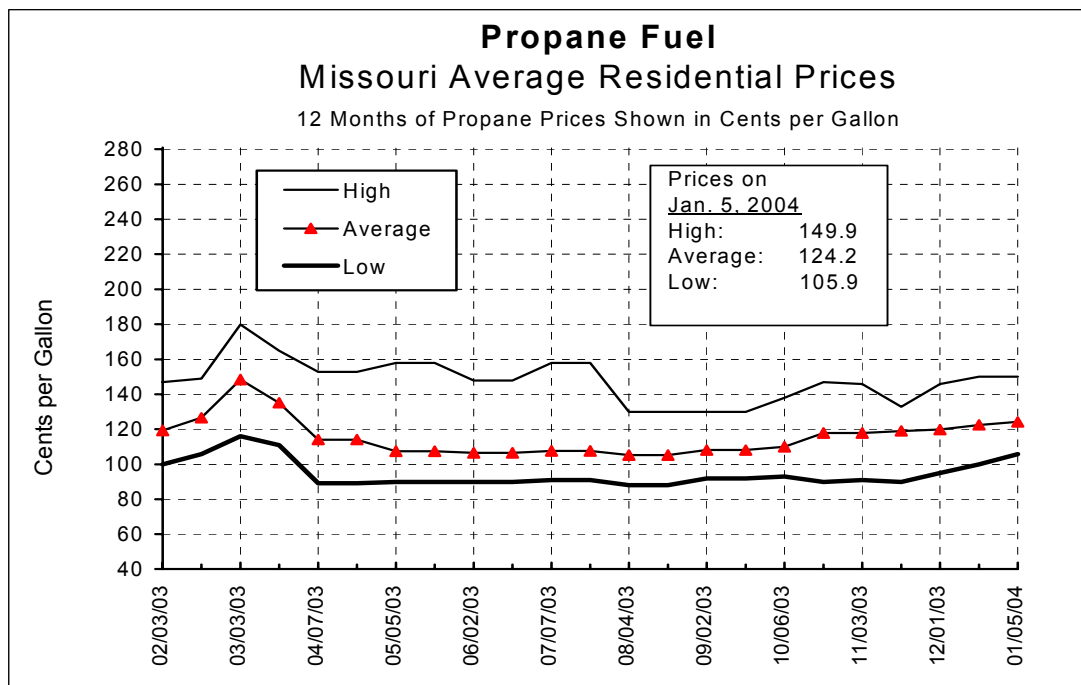
Propane

Approximately 12 percent of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles. In 2000, Missourians spent about \$459 million and used 455 million gallons of propane.

- The average price paid for residential propane in **Missouri**, throughout this last month, increased by 4.4 cents per gallon (4 percent) moving from 119.8 to 124.2 cents per gallon. Throughout this last year, the price paid for propane increased by 17.8 cents per gallon moving from 106.4 to 124.2 cents per gallon, an increase of 17 percent.
- Propane stocks in the **United States**, throughout this last month (Nov. 28 to Jan. 2), were down by 14.2 million barrels moving from 64.2 to 50.0 million barrels, a decrease of 22 percent. In the **Midwest**, stocks were down by 3.0 million barrels moving from 24.5 to 21.5 million barrels, a decrease of 12 percent.
- Propane stocks in the **United States**, throughout this last year (Jan. 3, 2003 to Jan. 2, 2004), were down by 0.7 million barrels (1 percent) moving from 50.7 to 50.0 million barrels. In the **Midwest**, stocks were up by 2.7 million barrels, from 18.8 to 21.5 million barrels, an increase of 15 percent.



- As of January 2, 2004, U.S. inventories of propane stood at an estimated 50 million barrels, down 2.4 million barrels from the previous week. However, during the first half of the heating season (October through December), propane inventories were drawn down by 12.4 million barrels, a level below the 5-year average of nearly 13.4 million barrels. The combined effects of above-normal temperatures since October was most likely responsible for the less than average stockdraw experienced during the first half of the heating season. Since January and February are typically the coldest months, the second-half stockdraw generally is much larger, with inventories dropping on average over the most recent 5-year period by 24.6 million barrels. If the combined first-half stockdraw is added to the 5-year average second-half stockdraw, U.S. inventories of propane would post a seasonal stockdraw of nearly 37 million barrels, a level far below the 2002-03 heating season record 48.9 million barrels.



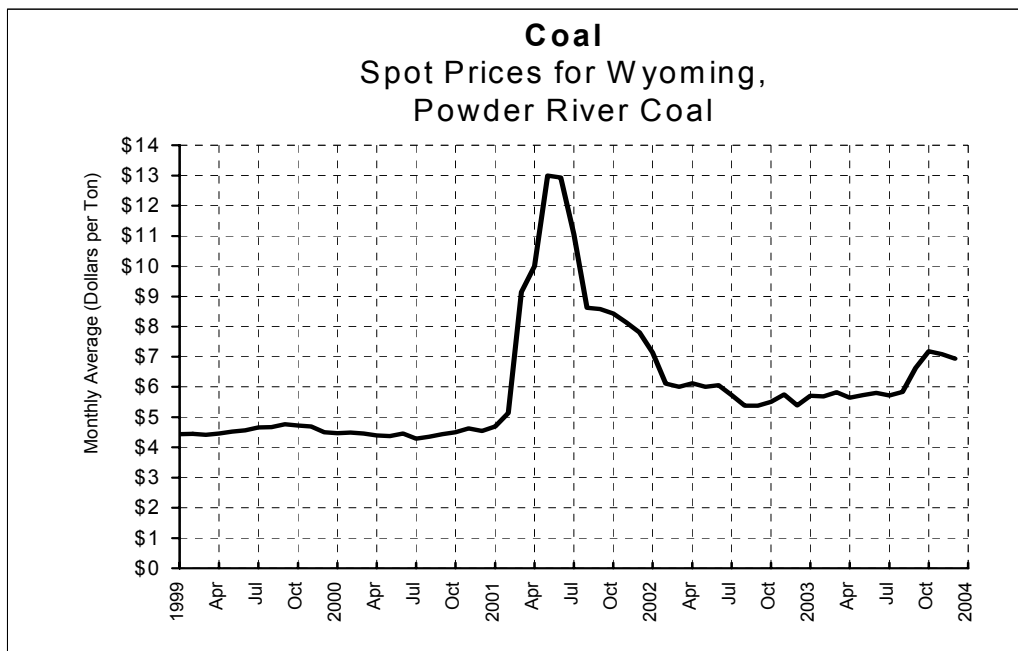
Residential Heating Oil

- The average price paid for residential heating oil in the **Midwest**, throughout this last year, increased by 0.3 cents per gallon moving from 127.6 to 127.9 cents per gallon. In the **United States**, the average price paid increased by 7.2 cents per gallon (5 percent) moving from 142.8 to 150.0 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Nov. 28 to Jan. 2), were down by 0.3 million barrels (4 percent) moving from 8.3 to 8.0 million barrels. In the **United States**, stocks were down by 0.1 million barrels (less than 1 percent) moving from 55.7 to 55.6 million barrels.
- Stocks in the **Midwest**, throughout this last year (Jan. 3, 2003 to Jan. 2, 2004), were up by 0.1 million barrels (1 percent) moving from 7.9 to 8.0 million barrels. In the **United States**, stocks were up by 2.6 million barrels (5 percent) moving from 53.0 to 55.6 million barrels.

Coal

Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.

- The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Nov. to Dec.), decreased by 0.15 dollars (2 percent) moving from 7.09 to 6.94 dollars per ton. Throughout this last year (Dec. 2002 to Dec. 2003), the average price paid increased by 1.55 dollars moving from 5.39 to 6.94 dollars per ton, an increase of 29 percent. (Source: *Wyoming Insight*, Dec. 26, 2003)



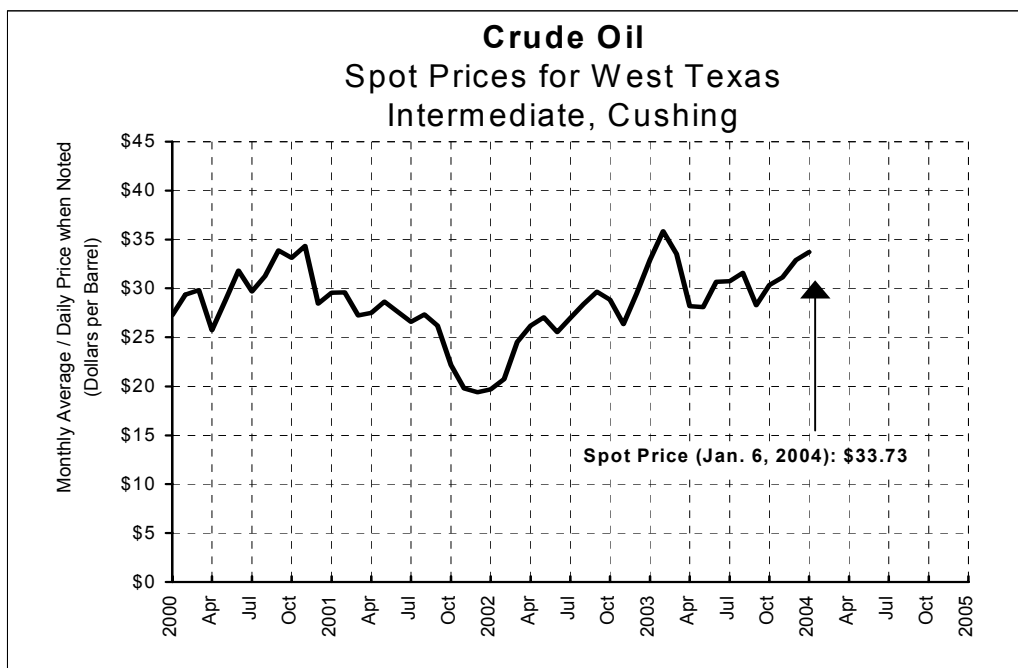
- Estimated coal production for the week ending Dec. 27, 2003 was 19.5 million short tons (mmst). This was 7 percent above the comparable week in 2002. Year-to-date U.S. coal production is estimated at 1,063 mmst, or 1.9 percent behind the corresponding total for 2002.
- Since mid-September, coal prices in general remain strong due to continued demand from the utility sector. High natural gas and crude oil prices are providing strong incentives for increased use of coal to generate electricity by U.S. utilities as more natural gas and heating oil is used for winter heating purposes.

Crude Oil

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last month (Dec. 2 to Jan. 6), increased by 2.95 dollars per barrel (10 percent) moving from 30.78 to 33.73 dollars per barrel. Throughout this last year (Jan. 6, 2003 to Jan. 6, 2004), the spot price increased by 1.60 dollars per barrel moving from 32.13 to 33.73 dollars per barrel, an increase of 5 percent. (Source: *Wall Street Journal*)
- The U.S. is currently facing a tight crude oil market. Crude oil inventories, at 269 million barrels, are the lowest since weekly data has been collected by the EIA, and probably the lowest since the autumn of 1975. Total oil inventories (crude and product combined) remain moderately (50 million barrels) below the 5-year average, limiting flexibility available to refiners. Without adequate crude oil inventories, a quick increase in finished product production such as distillate fuels would be difficult if the inventory situation is drawn down significantly as it did during the 7 week period January 10 to

February 28, 2003, and would tighten the outlook for gasoline.

- Petroleum traders believe that low crude oil stocks are attributable to higher than normal December/January refinery runs, which are clearly motivated by high refining profits. According to oil analysts, the next few weeks may see much lower refining returns, and some early 2004 maintenance, so there are hopes that crude stocks are near their likely bottom.



Transportation Fuels

- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last month, increased by 7.2 cents per gallon (5 percent) moving from 132.5 to 139.7 cents per gallon. Throughout this last year, the price paid increased by 3.6 cents per gallon moving from 136.1 to 139.7 cents per gallon, an increase of 3 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last month, increased 2.0 cents per gallon (1 percent) moving from 149.0 to 151.0 cents per gallon. Throughout this last year, the price paid increased by 6.6 cents per gallon, an increase of 5 percent.
- The average retail price paid for highway diesel fuel in **Missouri**, throughout this last month, increased by 3.4 cents per gallon (2 percent) moving from 139.6 to 143.0 cents per gallon.

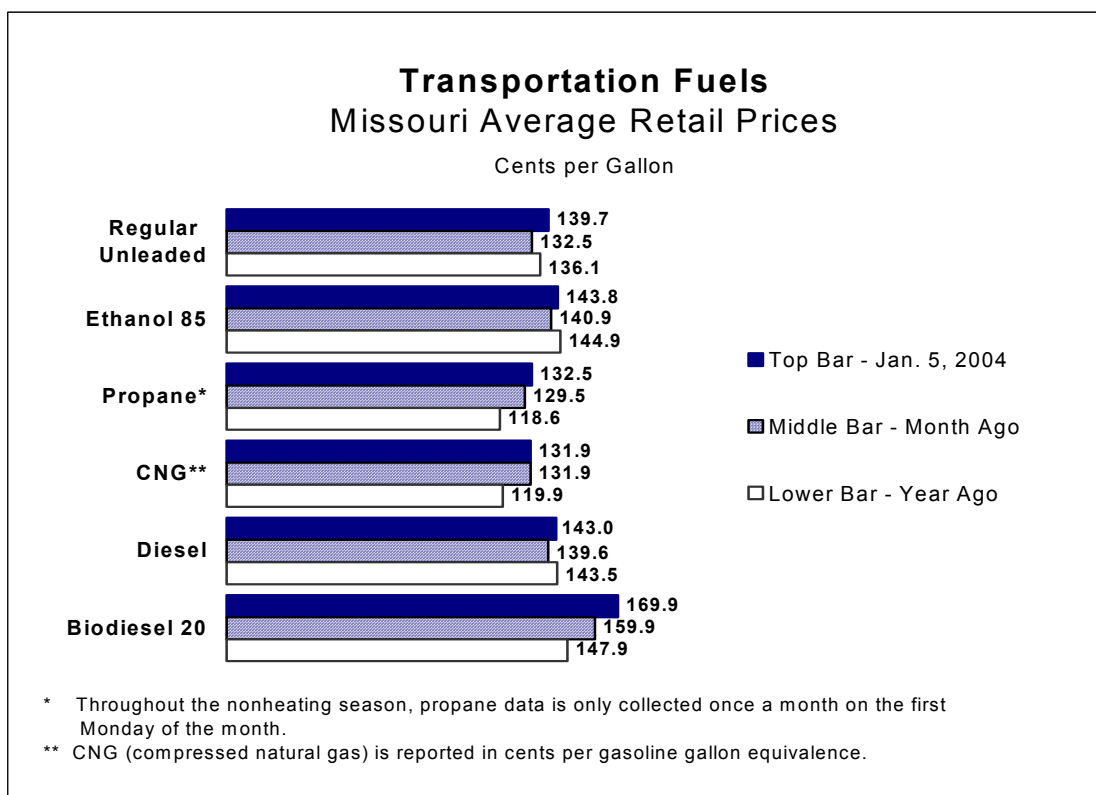
Regular Unleaded Gasoline Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Jan. 5, 2004 Fuel Data in Cents per Gallon

U.S.	151.0
Midwest	149.9
Missouri	139.7
Central, Mo.	138.7
Kansas City, Mo.	143.1
Northeast, Mo.	138.5
Northwest, Mo.	137.4
St. Louis, Mo.	140.0
Southeast, Mo.	140.1
Southwest, Mo.	139.4

Throughout this last year, the price paid decreased by 0.5 cents per gallon moving from 143.5 to 143.0 cents per gallon, a decrease of less than 1 percent.

- Total motor gasoline stocks in the **Midwest**, throughout this last month (Nov. 28 to Jan. 2) were up by 2.6 million barrels (5 percent) moving from 52.0 to 54.6 million barrels. In the **United States**, stocks were up by 9.2 million barrels moving from 197.1 to 206.3 million barrels, an increase of 5 percent.
- Total motor gasoline stocks in the **Midwest**, throughout this last year (Jan. 3, 2003 to Jan. 2, 2004), were up by 5.4 million barrels (11 percent) moving from 49.2 to 54.6 million barrels. In the **United States**, stocks were down by 3.5 million barrels moving from 209.8 to 206.3 million barrels, a decrease of 2 percent.



The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Energy Bulletin is a public resource that is made available to state government decision-makers, to any other interested individual upon request and on-line at the Energy Center Internet site. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration and Chicago Regional Office; the National Association of State Energy Officials the Missouri Propane Gas Association and the Propane Education and Research Council; the St. Louis AAA Auto Club; regional state energy offices; and, Missouri's energy retailers.